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September 24, 2015

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SEP 24 2015

Federal Communications Commission  
Office of the Secretary

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Re: *In the Matter of Special Access for Price Cap Local Exchange Carriers* (WC Docket No. 05-25); *AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services* (RM-10593); *Technology Transitions* (GN Docket No. 13-5); *AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition* (GN Docket No. 12-353)

Dear Ms. Dortch:

On September 23, 2015, Jim Butman, Eric Pulvermacher and the undersigned of TDS Telecommunication Corporation ("TDS") held a conference call with Eric Ralph, Christopher Koves, Shane Taylor, Billy Layton, Deena Shetler, Virginia Metallo and William Kehoe of the Wireline Competition Bureau to discuss the above-referenced proceedings.

TDS described the difficulties that its CLEC subsidiary faces in today's market environment when attempting to deliver retail services to business customers. These difficulties are due in large part to challenges in obtaining competitive wholesale pricing for last mile access facilities.

TDS also provided the staff with the attached documents, which contain overall cost data for TDS's ILEC and CLEC basic cost categories between 2006 and 2014, as well as information pertaining to TDS's Ethernet over Copper ("EoC") and Fiber-to-the-Business-based Ethernet device costs between 2006 and 2014.

The attached documents contain information that the Wireline Competition Bureau has deemed confidential under the protective orders in these proceedings.<sup>1</sup> Pursuant to the procedures outlined in the protective orders, the original confidential version of the letter is being

<sup>1</sup> *Special Access for Price Cap Local Exchange Carriers; AT&T Corp. Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services*, Modified Protective Order, 20 FCC Rcd. 1994 (2005); *Technology Transitions; AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition*, Protective Order, 29 FCC Rcd. 2014 (2014).

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filed with the Secretary's office under separate cover. Two copies of the confidential version are being delivered to Andrew Multz of the Pricing Policy Division of the Wireline Competition Bureau, and two copies are being delivered to Jonathan Reel of the Competition Policy Division of the Wireline Competition Bureau. Additionally, one machine-readable copy of the redacted version is being filed electronically via ECFS.

Please do not hesitate to contact me with any questions regarding this matter.

Respectfully submitted,

/s/ Steve Pitterle

Steve Pitterle

*Manager – Carrier Relations,*

*TDS Telecommunications Corporation*

Attachments

cc: Meeting Participants

# **ATTACHMENT 1**



# Based on TDS ILEC Booked Financial Data

	A	B	C	D	E	F	G	H	I	J	K
1	<b>Expense</b>										
2	<b>Type</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Cumulative <sup>1</sup></b>
3	Real Estate to Total Expense % <sup>2</sup>										
4	Switching to Total Expense % <sup>2</sup>										
5	Transmission to Total Expense % <sup>2</sup>										
6	Outside Plant (Copper and Fiber) to Total Expense % <sup>2</sup>										
7	Field Expenses to Total Expense % <sup>2</sup>										
8	Back Office to Total Expense % <sup>2</sup>										
9	Total Expenses										
10											
11	Total Expenses Year over Year % Delta										
12											
13	<b>% Expenses due to Salary, Wages and Benefits</b>										
14	<b>Type</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
15	Real Estate										
16	Switching Electronics										
17	Transmission Electronics										
18	Outside Plant (Copper and Fiber)										
19	Field Expenses										
20	Back Office										

Note:

<sup>1</sup> Column K is simple summation of prior year Total Expense changes

<sup>2</sup> Rows 3-8 indicate the percent of total for each Expense category by year not its Delta over time



### Based on TDS ILEC Booked Financial Data

	A	B	C	D	E	F	G	H	I	J	K
23	<b>Asset</b>										
24	<b>Type</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Cumulative<sup>3</sup></b>
25	Real Estate % of Total <sup>4</sup>										
26	Switching Electronics % of Total <sup>4</sup>										
27	Transmission Electronics % of Total <sup>4</sup>										
28	Outside Plant (Copper and Fiber) % of Total <sup>4</sup>										
29	Total Asset										
30	Total Asset Year over Year % Delta										
31											

32	<b>% Break Down of Transmission Electronics</b>										
33	<b>Type</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
34	Direct Ethernet Electronics % of Transmission										
35	All other Transmission Electronics										
36											

37 Note: <sup>1</sup> Column K is simple summation of prior year Total Expense changes

38 <sup>4</sup> Rows 25-28 indicate the percent of total for each Asset category by year not its Delta over time

A B C D E F G H I J

## Cable and Wire % of Asset

	0006	0008	0009	0010	0011	0012	0013	0014
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Type	2006	2007	2008	2009	2010	2011	2012	2013	2014
------	------	------	------	------	------	------	------	------	------

Copper	
--------	--

Fiber	
Bulk/Cord/Filament/Strap/etc.	

Poles/Conduit/Structure/etc	Notes

Description One	Description Two
Sample 1: 1000 (1000, 1000, 1000)	Sample 2: 1000 (1000, 1000, 1000)

Real Estate      General Support (i.e. Building, Vehicles)

Switching Electronics	Central Office Switching Maintenance
Transmission Electronics	Central Office Transmission Maintenance

Transmission Electronics	Central Office Transmission Maintenance
Outside Plant (Cables and Fibers)	Outside Plant (Cables and Fibers) Maintenance

Outside Plant (Copper and Fiber)	Outside Plant (Copper and Fiber) Maintenance
Field Expenses	Network Operations

**Field Expenses**                      **Network Operations**

**Back Office**                        **Customer and Corporate Operations**

Back Office Customer and Corporate Operations

# **ATTACHMENT 2**

[illegible]

<sup>1</sup> Column K is simple summation of prior year Total Expense changes

<sup>2</sup> Rows 3-8 indicate the percent of total for each expense category by year not its Delta over time

[illegible]



### Cable and Wire % of Asset

Description One	Description Two
Real Estate	General Support (i.e. Building, Vehicles)
Switching Electronics	Central Office Switching Maintenance
Transmission Electronics	Central Office Transmission Maintenance
Outside Plant (Copper and Fiber)	Outside Plant (Copper and Fiber) Maintenance
Field Expenses	Network Operations
Back Office	Customer and Corporate Operations

3 Column K is simple summation of prior year Total Asset changes

<sup>4</sup> Rows 16-19 indicate the percent of total for each Asset category by year not its Delta over time

# **ATTACHMENT 3**



**All Assets Amounts Reflect Only Material Costs No Overheads**

	A	B	C	D	E	F	G	H	I	J
1	<b>Ethernet over Copper One to One</b>									
2	Name	Type	Year	Units	Units Added	YOY Change in Investment Dollars	% of Total Ethernet over Copper Investment for Current Year <sup>1</sup>	Change in Investments Per Unit Per Year		
3	Device 1 <sup>3</sup>	Bonded Copper	2006							
4			2007							
5		<b>Bandwidth</b>	2008							
6		10 Mbps	2009							
7			2010							
8			2011							
9			2012							
10			2013							
11			2014							
12		<b>Net</b>								
13										
14	Name		Year	Units	Units Added	YOY Change in Investment Dollars	% of Total Ethernet over Copper Investment for Current Year <sup>1</sup>	Change in Investments Per Unit Per Year	Ratio of Cost to Device 1 <sup>2</sup>	
15	Device 2	Bonded T-1	2008							
16			2009							
17		<b>Bandwidth</b>	2010							
18		15 Mbps	2011							
19			2012							
20			2013							
21			2014							
22		<b>Net</b>								
23										
24	Name		Year	Units	Units Added	YOY Change in Investment Dollars	% of Total Ethernet over Copper Investment for Current Year <sup>1</sup>	Change in Investments Per Unit Per Year	Ratio of Cost to Device 1 <sup>2</sup>	
25	Device 3	Bonded T-1	2011							
26			2012							
27		<b>Bandwidth</b>	2013							
28		15 Mbps	2014							
29		<b>Net</b>								
30										
31										

32 Note <sup>1</sup> Column G Totals to 100% for the current year to indicate each devices % of total company Ethernet investment

33 <sup>2</sup> All Ratios are Same Year Unless Noted

34 <sup>3</sup> Cost of Device 1 drops more rapidly than the given device



**All Assets Amounts Reflect Only Material Costs No Overheads**

Aggregator of circuits in the Central Office									
Name	Type	Year	Units	Units Added	YOY Change in Investment Dollars	% of Total Ethernet over Copper Investment for Current Year <sup>1</sup>	Change in Investments Per Unit Per Year	Note	
Device 4A	Hub works with Device 1	2006							
		2007							
	<b>Bandwidth</b>	2008							
	40 circuits at 15 Mbps	2009							
	<b>Net</b>								
Name	Type	Year	Units	Units Added	YOY Change in Investment Dollars	% of Total Ethernet over Copper Investment for Current Year <sup>1</sup>	Change in Investments Per Unit Per Year	Ratio of Cost to Device 4A	Note
Device 4B	Hub works with Device 1	2009							2009 4B to 2009 4A
		2010							2010 4B to 2009 4A
	<b>Bandwidth</b>	2011							2011 4B to 2009 4A
	192 circuits at 15 Mbps	2012							2012 4B to 2009 4A
		2013							2013 4B to 2009 4A
		2014							2014 4B to 2009 4A
	<b>Net</b>								
Name	Type	Year	Units	Units Added	YOY Change in Investment Dollars	% of Total Ethernet over Copper Investment for Current Year <sup>1</sup>	Change in Investments Per Unit Per Year	Ratio of Cost to Device 4A	Note
Device 5	Hub	2008							2008 5 to 2008 4A
	works with Device 2/3	2009							2009 5 to 2009 4B
		2010							2010 5 to 2010 4B
	<b>Bandwidth</b>	2011							2011 5 to 2011 4B
	576 circuits per device	2012							2012 5 to 2012 4B
		2013							2013 5 to 2013 4B
	<b>Net</b>								
Name	Type	Year	Units	Units Added	YOY Change in Investment Dollars	% of Total Ethernet over Copper Investment for Current Year <sup>1</sup>	Change in Investments Per Unit Per Year	Ratio of Cost to Device 5	Note
Device 6	Hub works with Device 2/3	2011							
		2012							
	<b>Bandwidth</b>	2013							
	420 circuits per device	2014							2014 6 to 2013 5
	<b>Net</b>								

Note <sup>1</sup> Column G Totals to 100% For the current year to indicate each devices % of total company Ethernet investment

<sup>2</sup> All Ratios are Same Year Unless Noted